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April 15, 2004

**VIA ELECTRONIC MAIL AND VIA HAND-DELIVERY**

The Honorable Bruce Duke  
Executive Director  
**South Carolina Public Service Commission**  
PO Drawer 11649  
Columbia SC 29211

RE: Application of Computer Network Technology Corporation for a  
Certificate of Public Convenience and Necessity to Provide Facilities-  
Based Local Exchange and Intrastate Interexchange Private Line Special  
Access Telecommunications Services in South Carolina  
**Docket No. 2004-0028-C, *Our File No. 830-10223***

Dear Mr. Duke:

Enclosed is the original and twenty-five (25) copies of the **Testimony of Gregory T. Barnum** filed on behalf of Computer Network Technology Corporation in the above-referenced docket.

The Company requests that the Commission grant an extension of time for the Company to file this testimony from March 30<sup>th</sup> until today. The Company did not receive the prefile order until March 31<sup>st</sup>, the day after testimony was due. Counsel error accounts for the additional time that elapsed before testimony was filed. I apologize to the Commission and the Staff.

Please acknowledge your receipt of this document by file-stamping the copy of this letter enclosed, and returning it with the bearer of these documents.

With kind regards, I am

Yours truly,

/S/

John J. Pringle, Jr.

cc: Mr. Jim McDaniel (via electronic mail)  
Ms. Judy Matthews (via electronic mail)  
Margaret Fox, Esquire (via electronic and first-class mail service)  
Mr. Michael Bono (via first-class mail service)  
Ms. Paulette Bannack (via first-class mail service)

APPLICATION OF COMPUTER NETWORK )  
TECHNOLOGY CORPORATION FOR A )  
CERTIFICATE OF PUBLIC CONVENIENCE AND )  
NECESSITY TO PROVIDE FACILITIES BASED, )  
LOCAL EXCHANGE AND INTRASTATE )  
INTEREXCHANGE PRIVATE LINE SPECIAL )  
ACCESS TELECOMMUNICATIONS SERVICES )  
WITHIN THE STATE OF SOUTH CAROLINA )

1 Q. Can you please state your name, your title and business address?

5      **Q.    What is the purpose of your testimony in this matter?**

9      **Q:      Do you wish to incorporate by reference any documents into your testimony?**

12 FINANCIAL QUALIFICATIONS

1     **Q.     Please describe the financial qualifications of CNT to operate as a competitive data**  
2     **communications provider in South Carolina.**

3     A.     CNT is a well funded, publicly traded provider of critical data network storage and  
4     management products and services to Global 2000 enterprises throughout the world.  
5     Through its own capabilities, and the capabilities of partners such as IBM and Hitachi  
6     Data Systems, CNT has built a company with over \$400 million in revenues and upwards  
7     of 1200 full-time employees, providing critical data storage, disaster recovery and other  
8     data storage and management capabilities to thousands of large enterprise customers  
9     throughout the world.

10           Attached to CNT's application is a copy of the Company's 2002 10-K report,  
11           which lists the financial results of the Company for the fiscal year ending January 31,  
12           2003. This report explains the financial operating situation of CNT in detail, and  
13           provides the Commission more than enough information to determine that CNT has the  
14           financial capabilities necessary to operate as a resale and facilities based provider of non-  
15           switched local exchange and intra-state inter-exchange data telecommunications services.

16           As CNT only plans on leasing and reselling the services of ILECs and other  
17           carriers when it first begins offering service to its customers, the level of financial  
18           investment necessary to become profitable is very modest. CNT will invest in facilities  
19           as customer requirements dictate, and only where such investment makes sense from a  
20           financial perspective.

1     **Q.     Where will CNT keep its books and records from telecommunications operations in**  
2     **South Carolina?**

3     A.     CNT will maintain its books and records at its headquarters, in Minneapolis, Minnesota.  
4     Accordingly, CNT requests pursuant to Commission Rule 103-610 that the Commission  
5     allow CNT to keep its books and records in Minnesota. However, should the  
6     Commission require financial or accounting information related to the Company's  
7     operations in South Carolina, CNT will take whatever steps as are necessary to ensure  
8     that the Commission has access to all information necessary for its purposes.

9     **Q.     Will CNT use the Uniform System of Accounts ("USOA") for telecommunications**  
10    **carriers in accounting for revenues and expenses related to its operations in this**  
11    **state?**

12    A.     No. In place of USOA, CNT will use Generally Accepted Accounting Principles  
13    ("GAAP") to record the financial and accounting information relative to its  
14    telecommunications operations. As CNT is a publicly traded company on the Nasdaq  
15    Exchange, the financial and accounting requirements that it operates under are quite  
16    rigorous, and provide more than enough financial information to satisfy Commission  
17    needs. To the extent that the Commission Rules require the use of USOA, CNT requests  
18    a waiver of same.

1     **Q.     Can you provide projections of revenues and expenses from CNT’s first year of**  
2     **operations as a telecommunications carrier in South Carolina?**

3     A.     No. Such information would be considered forward looking financial information that  
4     would be subject to Securities and Exchange Commission disclosure requirements. In  
5     addition, whiles CNT is optimistic that it will be successful in marketing its services to  
6     existing customers, CNT is unable to predict the number of its existing customers that  
7     will choose to purchase data services from CNT as an add-on to the products and services  
8     that CNT currently provides them. As such, any projections of revenues and expenses  
9     would be highly speculative. The same would hold true for any projections related to  
10    technology, equipment and other investments within South Carolina.

11                     MANAGERIAL QUALIFICATIONS

12    **Q.     Please describe the qualifications of the members of the senior management team at**  
13    **CNT, and why you believe that these qualifications demonstrate the ability of CNT**  
14    **to operate as a telecommunications carrier.**

15    A.     A review of the resumes of key CNT management personnel, which can be found in the  
16    Attachments to CNT’s application, reveals a very broad and strong background in  
17    communications technology based lines of business. All of the members of the CNT  
18    senior management team boast years of experience in network technology companies.  
19    Their experience and management skills have allowed them to build CNT into a high  
20    revenue, publicly traded company with over \$400 million in annual revenues and  
21    approximately 1200 full time employees. This background and experience satisfies the  
22    Commission’s requirements regarding CNT’s ability to manage the operations of a

1 competitive telecommunications carrier in South Carolina.

2 TECHNICAL QUALIFICATIONS

3 **Q. Please describe the technical qualifications of the senior management team at CNT,**  
4 **and why you believe that these qualifications demonstrate the ability of CNT to**  
5 **operate as a telecommunications carrier.**

6 A. The management of CNT has built a solid, publicly traded business based upon their  
7 ability to provide large corporations with managed critical network data storage,  
8 management and disaster recovery products and services. In tailoring these products and  
9 services to their customers, CNT is required to assist in the design and implementation of  
10 data communications networks that allow for the transmission of customer data between  
11 various customer locations and CNT locations worldwide. As such, CNT has significant  
12 technical experience in the design, ordering and management of data communications  
13 services and facilities. This background and experience satisfies the Commission's  
14 requirements regarding CNT's technical ability to manage the operations of a  
15 competitive telecommunications carrier in South Carolina. A review of the resumes of  
16 key CNT management personnel, which can be found in the Attachments to this  
17 application, supports this assessment.

18 PUBLIC INTEREST CONSIDERATIONS

19 **Q. Please explain why you believe that it is in the public interest for the Commission to**  
20 **grant CNT's application to operate as a competitive telecommunications carrier.**

21 A. Under the terms of the Telecommunications Act of 1996, it was determined that it was in

1 the public interest that local exchange telecommunications markets should be opened to  
2 competitive entry using either a facilities based, resale or unbundled network elements  
3 method of entry. In this case, CNT is applying for the authority to offer competitive data  
4 communications services to business customers in non-rural areas of the state. CNT's  
5 entry will provide business customers an additional source of supply for critical data  
6 communications services, and will provide the competitive marketplace for these services  
7 a well-funded competitor that will offer innovative services and pricing, as well as  
8 exceptional customer service and support, to the state's business customers. The  
9 presence of CNT will benefit both customers and the state economy as a whole, and as  
10 such, is in the public interest.

11 **Q. Does CNT currently have interconnection agreements in place with incumbent local**  
12 **exchange carriers in the state?**

13 A. No. CNT is currently in the process of initiating negotiations for interconnection with  
14 incumbent local exchange carriers in the non-rural service territories throughout South  
15 Carolina. CNT anticipates that it will opt into an existing carrier interconnection  
16 agreement. CNT already has relationships in place with competitive providers of data  
17 services and facilities which it will augment with the relationships that it establishes with  
18 the incumbent local exchange carriers.

1     **Q.     How does CNT plan to initially serve its customers in the state?**

2     A.     Initially, CNT intends to lease and resell the services and facilities of competitive  
3           telecommunications carriers. This will be accomplished through relationships that CNT  
4           already has in place with companies such as Broadwing, AT&T and others. In addition,  
5           CNT will establish the necessary relationships with incumbent local exchange carriers  
6           serving non-rural territories, in order to lease and resell unbundled network elements and  
7           other services to its customers. Where sufficient customer demand justifies the expense,  
8           CNT would look at the option of supplying its own facilities as well.

9     **Q.     Please explain the processes that CNT has in place to guard against the**  
10           **unauthorized “slamming” or “cramming” of telecommunications services on its**  
11           **customers.**

12    A.     CNT will limit the marketing of its services to customers that currently purchase data  
13           management and storage products and services from it. These customers will be offered  
14           the option of contracting for the data communications services that CNT will offer. CNT  
15           will only use its internal sales force to market the data services that it will sell to its  
16           customers, and it will only offer these services under contract with its customers. An  
17           additional layer of protection against slamming and cramming is afforded the customers  
18           and the Commission by virtue of the fact that the data services that will be offered to  
19           existing customers represent a small potential category of revenue to CNT. The data  
20           storage products and services which CNT currently sells to its customers are responsible  
21           for significantly more revenue to CNT than the data services that will be sold once CNT



1 is certificated as a competitive telecommunications carrier. This fact, coupled with the  
2 fact that customers will enter contracts delineating the services that they will purchase  
3 from CNT, ensures that there is no likelihood of either slamming or cramming becoming  
4 an issue with respect to CNT customers.

5 **Q. Please explain the processes that CNT has in place to ensure that customer inquiries**  
6 **and complaints are promptly addressed.**

7 A. CNT currently has a customer service infrastructure in place to handle all customer  
8 inquiries and address any complaints that may arise with respect to the products and  
9 services that it sells to its customers. CNT's data communications services customers  
10 will be serviced by the same infrastructure. That infrastructure is accessed 24 hours a  
11 day, seven days a week, 365 days a year, by dialing 800-752-8061. This number will be  
12 included in the customer's bill for data communications services, ensuring that they  
13 always have access to prompt, courteous customer care when they need it.

14 **Q. Please provide an estimate of when CNT will begin to offer service in South**  
15 **Carolina.**

16 A. CNT intends to begin offering services to customers as soon as the Commission approves  
17 its application, and any tariffs and interconnection agreements that are required in order  
18 to offer service.

1     **Q.     Please explain CNT’s plan for addressing 911 emergency calling issues.**

2     A.     CNT is only providing non-switched, dedicated private line data communications  
3           services to its customers. These services link computers at the customer’s premises with  
4           computers at CNT’s premises, for redundancy and security purposes. CNT’s customers  
5           have existing relationships with other carriers for switched voice grade services, and will  
6           not rely upon CNT for those offerings. Since CNT is not providing any voice services to  
7           its customers, it will never be necessary for it to interconnect to the emergency 911  
8           network in providing services. As such, CNT should not be required to participate in the  
9           emergency 911 program within South Carolina.

10           If necessary, CNT will provide notice to that effect to any and all emergency 911  
11           coordinators. In the event that CNT alters in any way its business model to include  
12           switched voice grade services, it will fulfill any and all requirements related to the  
13           provision of emergency 911 services, including the assessment and remittance of 911  
14           taxes, surcharges and other fees.

15     **Q.     Please explain CNT’s plan for addressing state and federal Universal Service issues.**

16     A.     CNT will comply with any and all state and federal requirements related to the  
17           advancement of universal telephone services that apply to data-only carriers of like  
18           character to themselves.

1     **Q.     Please describe briefly the service territories that CNT will be operating in.**

2     A.     CNT will seek to serve its existing customer base, which is located in large and small  
3           urban areas throughout South Carolina. CNT is unaware of any customers that are  
4           located in rural areas of the state.

5  
6     **Q.     Can you please summarize your testimony in this Docket?**

7     A.     Yes. Based upon the evidence that CNT has provided the Commission in this case, there  
8           is clearly sufficient support for the granting of a certificate for CNT to operate as a  
9           competitive data communications carrier throughout South Carolina. The evidence  
10          supports a finding that CNT has the requisite financial, managerial and technical  
11          qualifications to own and operate a facilities based telecommunications carrier,  
12          specializing in the provision of dedicated, private line data communications circuits to  
13          business customers in the state. In addition, granting this certificate is in the public  
14          interest, as the presence of a well funded, technically and managerially competent  
15          competitive provider of data communications services and facilities will enhance the  
16          competitive market for telecommunications services in the state, resulting in benefits to  
17          consumers, and the state's economy at large, through the innovation and lower prices that  
18          are driven by the presence of competitive carriers such as CNT.

19    **Q.     Does this conclude your testimony?**

20    A.     Yes it does.